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BEFORE THE DIRECTOR OF THE DEPARTMENT OF FINANCE

STATE OF IDAHO

In re Mortgage Loan Originator  
License Application of:

BURX ANDREW NORROD III,  
NMLS ID No. 852144,  
Applicant

Docket No. 2020-16-46

**HEARING OFFICER'S FINDINGS  
OF FACT, CONCLUSIONS OF LAW  
AND PRELIMINARY ORDER**

This matter came before the hearing officer on an evidentiary hearing on January 21, 2021. Thomas Donovan, Deputy Attorney General appeared on behalf of the Department of Finance. Burx Norrod appeared representing himself.

**FINDINGS OF FACT**

1. The State of Idaho Department of Finance (hereinafter the Department) uses a licensing and applications system, the NMLSR (the Nationwide Mortgage Licensing System and Registry) for the filing of mortgage loan originator license applications. The subject application form is known as the MU4. Exhibit 1; Hearing Transcript Pg 15, Lines 2-25. (hereinafter Hrg Tr Pg/Ln).
2. Mr. Norrod filed an application in June of 2020 for a Mortgage Loan Originator License with the Department. Exhibit 1; Hrg Tr Pg 17, Ln 1-9.

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3. The application requests information regarding an applicant's background including matters regarding employment history, financial affairs and involvement in civil litigation. Exhibit 1; Hrg Tr Pg 15, Ln 17-25.

4. In the application Mr. Norrod answered no to a question concerning whether he had any unsatisfied judgments or liens against him. Exhibit 1; Hrg Tr Pg 18, Ln 3-9.

5. Mr. Norrod also provided as part of the application an attestation that his answers to questions on the application were accurate and true. Hrg Tr Pg 18, Ln 7-20.

6. In the Department's review of the application it conducted an examination of public records concerning Mr. Norrod. Hrg Tr Pg 16, Ln 16-20; Pg 119, Ln 1-12.

7. This investigation of the public records including court records revealed an outstanding unsatisfied judgment. Exhibit 2; Hrg Tr Pg 19, Ln 8-25.

8. The judgment had been entered in 2018. Exhibit 2; Hrg Tr Pg 20, Ln 14-16.

9. The Department notified Mr. Norrod of its intent to deny his application. Exhibit 3; Hrg Tr Pg 21, Ln 8-23.

10. In an exchange of correspondence with the Department, Mr. Norrod provided an explanation of the judgment and information regarding a prior wage garnishment which had occurred and was believed by him to have satisfied the amount owed. Exhibit 3; Hrg Tr Pg 22, Ln 25; Pg 23, Ln 1-25; Pg 25, Ln 1-12.

11. Mr. Norrod requested and was granted time to provide further information regarding the status of the judgment and evidence as to the alleged paid status. Hrg Tr Pg 24, Ln 7-14; Pg 42, Ln 1-5.

12. The wage garnishment had not in fact satisfied the judgment which remained outstanding until November of 2020. Hrg Tr Pg 56, Ln 10-14.

13. Prior to the subject application in 2020, Mr. Norrod had been issued Conditional Mortgage Loan Originator Licenses during the time period from 2016 through 2018. Exhibits 4, 5, 6; Hrg Tr Pg 25, Ln 18-19; Pg 26, Ln 1-2; Pg 27, Ln 14-25; Pg 28, Ln 1-2.

14. These licenses were issued dependent upon the satisfaction by Mr. Norrod of certain conditions including the continued payment of outstanding financial obligations as well as improvement of his negative credit history. Exhibits 4, 5, 6.

15. Pursuant to Idaho Code § 26-31-304(5) Mr. Norrod received upon the filing of his 2020 application temporary license authority. Hrg Tr Pg 40, Ln 21-25; Pg 41, Ln 1-2.

16. This temporary authority was continued during the time period when Mr. Norrod attempted to produce evidence which established that the judgment had in fact been satisfied. Exhibit 7; Hrg Tr Pg 42, Ln 1-5.

17. Following the failure of Mr. Norrod to provide evidence that at the time of his application the judgment was in fact satisfied, the Department denied Mr. Norrod's application and Mr. Norrod requested a hearing on this denial.

### **CONCLUSIONS OF LAW**

1. The Nationwide Mortgage Licensing System and Registry (NMLSR) is used by the Department, pursuant to Idaho Code § 26-31-305(1) for submitting an application for a mortgage loan originator license.

2. Idaho Code § 26-31-306(l)(h) requires that the applicant provide all requested information. Under Idaho Code § 26-31-305(10) such information is to be disclosed in a complete manner.

3. Pursuant to Idaho Code § 26-31-306(l)(d) the Director shall not issue a mortgage loan originator license unless the Director first makes, among other requirements, a finding that the applicant has demonstrated:

character and general fitness sufficient to command the confidence of the community and to warrant a determination that the mortgage loan originator will operate honestly, fairly, and efficiently within the purposes of this part.

4. The Director under the provisions of Idaho Code § 26-31-313(l)(b) may decline to issue a license when an applicant makes a material misstatement of fact in an application.

5. The Department asserts that the failure by Mr. Norrod to initially accurately disclosure information regarding the unsatisfied judgment and subsequently to provide timely information to support his allegation that it was in fact paid when it was not represent grounds under Idaho Code § 26-31-313(l)(b) for the Director to deny Mr. Norrod's license application.

6. Mr. Norrod, at the hearing, presented testimony in his defense that to his understanding, following the garnishment of his wages, the judgment had been paid. This was based on his belief that the wage garnishment would only have ended after payment in full and that in examining his credit reports no outstanding judgment was listed.

Hrg Tr Pg 29, Ln 20-25; Pg 30, Ln 3-16; Pg 50, Ln1-8; Pg 54, Ln 4-17.

7. Mr. Norrod does not deny knowledge of the existence of the judgement but asserts that instead he was unaware that it remained at the time of his application unsatisfied. His contention focuses upon the claim that his error was not done intentionally or to conceal matters from the Department or knowingly submit false information in the application.

8. Mr. Norrod's explanations regarding his errors and failure to be accurate do not

entirely address the Department's concerns over his capabilities and the fact that relevant matters were falsely reported. This is material to the question of Mr. Norrod's capability to qualify for license issuance.

9. The exact status of the judgment is a matter which Mr. Norrod should have known prior to the submission of his 2020 application. The status of this judgment was clearly pertinent, a fact which should have been recognized as such when the application makes a specific direct inquiry. An applicant is asked in the Form MU4 "Do you have any unsatisfied judgments or liens against you?". A mere examination of his credit report, especially in light of the past collection efforts having reached the level of wage garnishment is insufficient. Determining the exact status of the judgment before submitting the application is not an undue burden to an applicant.

10. The information sought by the application creates the duty for an applicant to answer questions in a diligent and accurate manner to the best of their knowledge. The claim of ignorance of the status of the judgment does not automatically equate with an excusable inadvertent omission or insufficient knowledge to accurately fill out the required disclosure information requested in the application. Mr. Norrod should have obtained complete information regarding the judgment status prior to his application being submitted in order to ensure he properly provide the required information and attest to the answers provided.

11. Instead, by his reliance on only partial information, Mr. Norrod's acts illustrate a type of indifference to the accuracy of the information provided in the application. In these circumstances this represents a material concern to the Department. Inadvertence or unintentional omission is not here a sufficient excuse.

12. This is further highlighted here where Mr. Norrod had previously been issued several conditional licenses, the requirement of those entailing efforts on his part to address certain financial matters relevant to his license qualification. These mandates should have also emphasized to Mr. Norrod the importance to the Department of items such as the outstanding judgment and in turn his required attentiveness to the status of his financial affairs.

13. The failure to accurately disclose this information constitutes an omission and misstatement which is material to the necessary information gathered by the Department and in the consideration of the applicant's qualifications. Idaho Code § 26-31-306(1)(d).

14. This in turn represents a failure on Mr. Norrod's part to meet the requirements of Idaho Code §§ 26-31-305(10); 26-31-306(1)(d) and (1)(h).

15. The evidence establishes that the Director has a sufficient basis to conclude that Mr. Norrod withheld information and made a material misstatement in his application. This provides grounds to the Director to deny the application for an Idaho mortgage loan originator license pursuant to Idaho Code §26-31-306(1)(d), (1)(h) and § 26-31-313(1)(b).

### **PRELIMINARY ORDER**

Based upon the foregoing, IT IS HEREBY ORDERED that the Department's Notice of Intent to Issue Order of Denial of Mortgage Loan Originator License Application of Mr. Norrod dated August 20, 2020, should be AFFIRMED.

## NOTIFICATION OF RIGHTS

This is a preliminary order of the Hearing Officer. It can and will become final without further action of the Department of Finance unless any party petitions for reconsideration before the Hearing Officer or appeals to the Director for the Department of Finance (or the designee of the Director). Any party may file a motion for reconsideration of this preliminary order with the Hearing Officer within fourteen (14) days of the service date of this order. The Hearing Officer will dispose of the petition for reconsideration within twenty-one (21) days of its receipt, or the petition will be considered denied by operation of law. *See* Idaho Code §67-5243(3).

Within fourteen (14) days after (a) the service date of this preliminary order, (b) the service date of the denial of a petition for reconsideration of this preliminary order, or (c) the failure within twenty-one (21) days to grant or deny a petition for reconsideration of this preliminary order, any party may in writing appeal or take exception to any part of the preliminary order and file briefs in support of the party's position on any issue in the proceeding to the Director of the Department of Finance (or the designee of the Director.) Otherwise, this preliminary order will become a final order of the Department of Finance.

If any party appeals or takes exception to this preliminary order, opposing parties shall have twenty-one (21) days to respond to any party's appeal within the Department of Finance. Written briefs in support of or taking exception to the preliminary order shall be filed with the Director of the Department of Finance (or the designee of the Director). The Director may review the preliminary order on his own motion.

If the Director of the Department of Finance (or his designee) grants a petition to review the preliminary order, the Director (or his designee) will allow all parties an

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opportunity to file briefs in support of or taking exception to the preliminary order and may schedule oral argument in the matter before issuing a final order. The Director (or his designee) will issue a final order within fifty-six (56) days of receipt of the written briefs or oral argument, whichever is later, unless waived by the parties for good cause shown. The Director (or his designee) may remand the matter for further evidentiary hearings if further factual development of the record is necessary before issuing a final order.

Pursuant to Idaho Code §§ 67-5270 and 67-5272, if this preliminary order becomes final, any party aggrieved by the final order or orders previously issued in this case may appeal the final order and all previously issued orders in this case to district court by filing a petition in the district court of the county in which: (1) the hearing was held, (2) the final agency action was taken, (3) the party seeking review of the order resides, or operates its principal place of business in Idaho, or (4) the real property or personal property that was the subject of the Department's action is located.

This appeal must be filed within twenty-eight (28) days of this preliminary order becoming final. *See* Idaho Code § 67-5273. The filing of an appeal to district court does not itself stay the effectiveness or enforcement of the order under appeal.

DATED this 16th day of February, 2021.

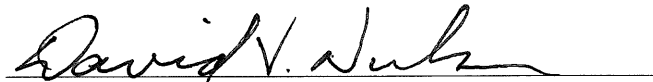
By: David V. Nielsen  
David V. Nielsen  
Hearing Officer



**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that on this 16th day of February, 2021, I served a true and correct copy of the foregoing by delivering the same to each of the following party, by the method indicated below, addressed as follows:

Thomas A. Donovan Deputy Attorney General State of Idaho Department of Finance P.O. Box 83720 Boise, Idaho 83720-0031	<input checked="" type="checkbox"/> U.S. Mail <input type="checkbox"/> Hand-Delivered <input type="checkbox"/> Overnight mail <input type="checkbox"/> Facsimile
Brux Andrew Norrod III 9112 Wilshire Ct NE Albuquerque, NM 87122	<input checked="" type="checkbox"/> U.S. Mail <input type="checkbox"/> Hand-Delivered <input type="checkbox"/> Overnight mail <input type="checkbox"/> Facsimile

  
David V. Nielsen